

Message Text

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PAGE 01 GENEVA 06594 011816Z
ACTION STR-07

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 /126 W
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P 011752Z MAY 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 9072
INFO AMEMBASSY BRUSSELS

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USMTN USEEC

STR FOR ACTION

STR PASS CODEL

E.O. 11652: N/A
TAGS: MTN, ETRD, EEC
SUBJECT: CUSTOMS VALUATION - US/EC BILATERAL APRIL 21-25

1. SUMMARY: AFTER DISCUSSION WITH EC DEL (CHUMAS)
BASED ON REVISED U.S. CUSTOMS VALUATION DOCUMENT, EC
DEL AGREED TO PREPARE REDRAFTS OF U.S. PROPOSED LANGUAGE
ON COMPUTED VALUE AND TESTS FOR ACCEPTANCE OF TRANSACTION
VALUE. IN RETURN, U.S. DEL AGREED TO ATTEMPT TO REDRAFT
ARTICLE 4 OF THE EC DRAFT (MTN/NTM/W/122) WHICH COVERS
DEDUCTIVE VALUATION. U.S. WILL NEXT MEET WITH EC
BILATERALLY WEEK OF MAY 8. END SUMMARY.

2. IN DETAILED DISCUSSION OF U.S. SUGGESTED REVISIONS
TO THE EC CUSTOMS VALUATION PROPOSAL, THE EC NOTED THAT
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PAGE 02 GENEVA 06594 011816Z

IT HAD NO MAJOR SUBSTANTIVE PROBLEMS WITH OUR REDRAFT
OF ARTICLE 1 BUT COMPLAINED THAT OUR REVISED LANGUAGE
FOR TESTS FOR ACCEPTANCE OF TRANSACTION VALUE (WHICH
THE EC NEGOTIATORS ACCEPT IN PRINCIPLE) AND FOR COMPUTED
VALUE REPRESENTED A WIDENING OF THE GAP BETWEEN US. U.S.
DEL (NEWKIRK) POINTED OUT THAT WE HAD PRODUCED THE
REVISED LANGUAGE TO TAKE CARE OF CONCERNS WHICH EC DEL HAD

EXPRESSED AT US/EC MEETING IN MARCH. IN RESPONSE, EC DEL ATTEMPTED TO ENGAGE US IN DRAFTING OF REVISIONS TO THE PROPOSED LANGUAGE, BUT U.S. DEL INSISTED THAT WE HAD BEEN QUITE FORTHCOMING ON THESE ISSUES AND THAT THE ONLY PROFITABLE WAY TO PROCEED WOULD BE FOR THE EC TO PRESENT US WITH PROPOSED REDRAFTS OF THE SUBJECT ARTICLES. AFTER SOME PRODDING, THE EC ACCEPTED THIS PROPOSITION WHILE WE IN RETURN AGREED TO REDRAFT THEIR FORMULATION ON DEDUCTIVE VALUATION.

3. ANOTHER EC CONCERN RELATED TO U.S. POSITION THAT NO ADJUSTMENTS FOR QUANTITY AND TRANSACTION LEVEL SHOULD BE PERMITTED WHEN DETERMINING CUSTOMS VALUE ON THE BASIS OF IDENTICAL OR SIMILAR GOODS. EC DEL ARGUED THAT SUCH ADJUSTMENTS ARE NECESSARY IN ORDER TO ARRIVE AT FAIR VALUATIONS. MEETINGS CONCENTRATED ON FIRST SIX ARTICLES OF EC DRAFT, WITH NO DISCUSSION OF ARTICLE 7.

4. CHUMAS CALLED MTN DEL AT END OF WEEK TO INDICATE THAT THEIR CHANGES TO COMPUTED VALUE AND TEST SECTIONS OF U.S. DRAFT WOULD CONSIST MOSTLY OF DELETING CONCEPTS WHICH THEY FIND UNACCEPTABLE. U.S. DEL TENTATIVELY AGREED TO MEET WITH EC WEEK OF MAY 8.

5. RECOMMENDATION: FOR UPCOMING MEETINGS, U.S. SHOULD CONSIDER THE EXTENT TO WHICH WE CAN CONSIDER ADJUSTMENTS LIMITED OFFICIAL USE

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PAGE 03 GENEVA 06594 011816Z

TO U.S. LANGUAGE TO DEAL WITH TECHNICAL POINTS RAISED BY EC. FURTHER, WE SHOULD BE PREPARED TO COMMENT EXTENSIVELY ON EC DRAFT IN EFFORT TO CREATE SINGLE WORKING DOCUMENT. IN LINE WITH THE LATTER, WE SHOULD ALSO CONSIDER NECESSARY CHANGES TO ARTICLES 8-15 OF EC DRAFT.

6. DRAFTED BY SHARK/SHELLEY. CULBERT

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